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KU Hospital Clinics, Physicians, Get Boost in Medicaid Funding

Change Brings \$8.8 Million in New Funding for Outpatient Care

The state of Kansas will receive an estimated \$8.8 million in additional Medicaid funding this year to pay for care provided by University of Kansas faculty physicians and associated outpatient clinics in Kansas City and Wichita. The new funding is the result of a change in the state Medicaid plan that was approved recently by the Centers for Medicare and Medicaid Services (CMS), the agency that oversees federal Medicaid spending. The Kansas Health Policy Authority requested the change in February at the request of Dr. Barbara Atkinson, executive vice chancellor of the KU Medical Center and executive dean of the KU School of Medicine, and of officials at the University of Kansas Hospital.

The State Plan Amendment (SPA) recognizes that physicians who teach at the School of Medicine serve a high volume of Medicaid patients, with reimbursement rates below their actual costs, and that due to their teaching and research responsibilities their losses cannot be offset by higher paying patients.

This change does not require any additional state funding, but merely recognizes that certain money already being spent by the state is eligible for federal Medicaid matching funds. In Kansas, the federal government pays approximately 60 percent of the cost of Medicaid services while the state pays the remaining 40 percent.

The SPA will bring new money to the two University of Kansas physician faculty practice groups – the University of Kansas Physicians, Inc. (KUPI) in Kansas City, and the Medical Practice Association (MPA) in Wichita. It will also provide additional funding for the KU Hospital Outpatient Clinic and KU Hospital Outpatient Lab.

“I want to thank the Kansas Health Policy Authority for re-examining the federal reimbursement rates and our faculty physicians,” said Dr. Atkinson. “Ultimately, this additional revenue will allow us to better serve Kansas patients who might otherwise go without care.”

Kansas Medicaid Director Dr. Andrew Allison said, “This is one of several steps we have taken to ensure adequate reimbursement for providers who give care to underserved populations in Kansas. It is timely and appropriate for the federal government to recognize our partnership with medical professionals in public universities. They provide for the health needs of some of the poorest Kansans. Allowing additional reimbursement to these critical providers will do just that.”

(more)

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“This new rate structure is a result of the hospital, university and the state working together to benefit physicians and their patients,” said Bob Page, president and CEO of the University of Kansas Hospital. “The hospital is providing the state funds to bring in the federal dollars. The level of cooperation will continue to benefit the people of Kansas.”

The estimated additional federal money resulting from the SPA in Federal Fiscal Year 2009 will be distributed as follows:

KUPI - KCK	\$3,618,240
KUH Physicians	651,134
MPA – Wichita	2,254,365
KUH Outpatient Cost	2,194,350
KUH Outpatient Lab	58,850
Total:	\$8,776,939